

## Message Text

SECRET

PAGE 01 TAIPEI 02664 090116Z  
ACTION PM-04

INFO OCT-01 EA-07 ISO-00 DODE-00 CIAE-00 INR-07  
NSAE-00 L-03 NSC-05 SP-02 SS-15 OMB-01 /045 W  
-----090119Z 089624 /63

R 090100Z MAY 77  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC 3487  
INFO AMEMBASSY SINGAPORE  
AMEMBASSY MANILA  
AMEMBASSY SEOUL  
AMEMBASSY TOKYO  
CINCPAC HONOLULU HI

S E C R E T TAIPEI 2664

E.O. 11652: GDS  
TAGS: EAIR, EIND, MILI, TW  
SUBJECT: PACIFIC PDM SURVEY

REF: (A) STATE 090129, (B) TAIPEI 0531

THE FOLLOWING OBSERVATIONS ARE OFFERED BY THE EMBASSY AS OF  
POSSIBLE INTEREST TO THE DEPARTMENT:

1. CANCELLATION OF THE PDM CONTRACT WITH E-SYSTEMS FOR  
DEPOT MAINTENANCE, AIRCRAFT MODIFICATION AND FOR CORROSION  
CONTROL AT THE TAINAN FACILITY PROBABLY WOULD RESULT IN  
THE DEMISE OF THAT FACILITY. THIS IS PRIMARILY BECAUSE E-  
SYSTEMS RELIES HEAVILY ON THE PDM CONTRACT. A CONTRIBUTING  
FACTOR COULD BE THAT, WHILE E-SYSTEMS HAS BEEN ATTEMPTING,  
WITH SOME SUCCESS, TO OBTAIN WORK FROM OTHER GOVERNMENTS, IT  
IS POSSIBLE THAT THOSE GOVERNMENTS WOULD DISCONTINUE USING THE  
FACILITY IF THE U.S. MILITARY PULLED OUT.

2. E-SYSTEMS EMPLOYS APPROXIMATELY 1500 PERSONS AT  
TAINAN. ALL OF THEM WOULD BE ENTITLED TO SEVERANCE

SECRET

SECRET

PAGE 02 TAIPEI 02664 090116Z

PAY AND RETIREMENT BENEFITS. MANY EMPLOYEES HAVE  
BEEN WITH E-SYSTEMS AND ITS PREDECESSOR, AIR ASIA,  
FOR MANY YEARS. JOE MADISON, ADMINISTRATIVE VICE  
PRESIDENT OF E-SYSTEMS AT TAINAN, TOLD EMBOFF IN 1976  
THAT IF FOR SOME REASON THE FACILITY HAD TO BE CLOSED,  
MANY MILLIONS OF DOLLARS WOULD BE NEEDED TO SETTLE ALL  
OF THE EMPLOYEES' CLAIMS.

3. EMPLOYEES PROBABLY COULD FIND OTHER JOBS IN THE TAINAN-KAOHSIUNG AREA WITHOUT TOO MUCH DIFFICULTY, ASSUMING THE ECONOMY IN THAT AREA KEEPS GROWING. THE FACILITY IS PARTICULARLY WELL-ENDOWED WITH SKILLED WORKERS (ELECTRONICS TECHNICIANS, SHEET METAL WORKERS, MECHANICS) WHO, ACCORDING TO MADISON, ARE AS COMPETENT AS THEIR COUNTERPARTS IN THE U.S.

4. IF THE PDM CONTRACT IS CANCELLED, THE TIMING OF SUCH ACTION IS IMPORTANT. IF IT OCCURRED AT THE TIME OF A RUPTURE IN DIPLOMATIC RELATIONS BETWEEN THE U.S. AND THE ROC OR AT A TIME WHEN THE ROC ECONOMY WAS REELING FROM THE SHOCK OF SUCH A RUPTURE, IT IS DOUBTFUL THAT THE EMPLOYEES COULD READILY FIND OTHER EMPLOYMENT. CANCELLING THE PDM CONTRACT UNDER PRESENTLY PREVAILING CIRCUMSTANCES WOULD HAVE LIMITED ECONOMIC IMPACT BUT WOULD BE READ AS ANOTHER CLEAR SIGNAL THAT THE U.S. MILITARY WAS ON ITS WAY OUT.  
UNGER

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIRCRAFT, INDUSTRY, EMPLOYMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 09-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977TAIPEI02664  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770162-0423  
**Format:** TEL  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770577/aaaaconx.tel  
**Line Count:** 81  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 3567c397-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION PM  
**Original Classification:** SECRET  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 90129, 77 TAIPEI 531  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 03-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2591702  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PACIFIC PDM SURVEY  
**TAGS:** EAIR, EIND, MILI, TW, AIR ASIA COMPANY LTD, E SYSTEMS INC  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/3567c397-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009